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COUNTRY PROGRAMMES AND RELATED MATTERS

UNDP COOPERATION WITH ARUBA

Note by the Administrator

I. PURPOSE AND BACKGROUND

1. The purpose of the present note is to provide an update for the Executive Board on UNDP activities in Aruba since the end of 1993 and to give indications of the direction the UNDP programme will take between now and the end of 1996. It is expected that a country cooperation framework, to begin in 1997, will be submitted to the Executive Board at its third regular session in 1996.

2. The first country programme for Aruba for the period 1987-1991 was approved by the Governing Council at its thirty-third session (1986) and subsequently extended for two years until the end of 1993. In its decision 94/33, the Executive Board authorized the Administrator to approve programmes and projects for Aruba on a case-by-case basis. Aruba had net contributor country status in the fourth and fifth programming cycle.

II. NATIONAL DEVELOPMENT OBJECTIVES, STRATEGIES AND CURRENT SOCIO-ECONOMIC SITUATION

3. Broadly stated, the Government pursues a free-market, export-oriented economic policy. As outlined in the macroeconomic policy document 1995-1998, its medium-term development objective is to sustain economic growth by restoring the domestic balance of savings and investment and the external balance of trade, to maintain price stability, and to diversify the economy by creating an environment that fosters private sector investment in sectors other than tourism.

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4. The economy of Aruba has grown rapidly since 1987, following the sharp decline in gross national product (GNP) in 1985, when the oil refinery, the mainstay of the economy since the Second World War, closed. This rapid growth was spearheaded by the expansion of tourism, which now accounts for more than 50 per cent of GDP and more than 40 per cent of employment. The oil transshipment facilities reopened in 1989 and the refinery in 1991, which further fuelled economic growth. Between 1987 and 1990, real GDP increased at an average annual rate of more than 10 per cent, whereas the rate expanded at a more moderate 4.2 per cent between 1990-1994.

III. UNDP COOPERATION 1994-1996

5. The total amount of indicative planning figure (IPF) and programme/project cost-sharing resources available for programming between 1994 and 1996 amounts to $913,038.

6. Cooperation between the Government and UNDP will be in the following three interrelated areas of concentration: (a) economic policy and diversification; (b) social development; (c) environment and natural resources management.

A. Economic policy and diversification

7. The Government has developed planning capacity at the central and sectoral levels with the support of UNDP. To consolidate Aruba's public investment system, UNDP is assisting in the development of common procedures for intradepartmental decision-making on investments, the development of guidelines for project appraisal and monitoring, the training of staff, and the institutionalization of the Public Investment System of Aruba (PISA). UNDP will assist the Government in arriving at an integrated data management that provides decision makers with the tools on which to base their policies. UNDP will also provide policy advice in the field of macroeconomic policies and macroeconomic modelling.

8. In collaboration with the World Tourism Organization, UNDP will conduct studies on how to improve the quality of tourism in Aruba. This will include a study on the demands of high-income tourists and of Aruba's comparative advantage as a destination point in the international financial and convention markets, which includes the definition of requirements for high-technology and other services. With regard to the service sector, UNDP will also assist the Government, with the International Telecommunication Union as executing agency, in the design of a telecommunications development plan to be followed by assistance in the implementation of specific programmes. Telecommunications are considered a key component for developing the financial services sector.

9. Other measures to diversify and foster wider participation in the economy will include support to small and medium-scale industries. In cooperation with appropriate United Nations specialized agencies, UNDP will provide advisory services with regard to production techniques; quality control; management; and marketing techniques.

10. The main quantitative indicators for the success of UNDP support in this area will be continued economic growth, with a larger share of GDP derived from sectors other than tourism, and generated by a larger number of profitable small and medium enterprises.

B. Social development

11. The Government is committed to having the population participate more equitably in the benefits derived from the economic expansion of the past nine years. UNDP assistance will focus on the development of appropriate social policies, in particular health policies, with regard, inter alia, to HIV/AIDS. To that effect, adequate statistics will be provided by the Department of Public Health epidemiology unit, which is currently being established with assistance from UNDP and the Pan-American Health Organization/World Health Organization. UNDP will also assist in the conduct of an assessment of the status of women in Aruba, including immigrant women and the obstacles to increased participation of women in technical and managerial level jobs. These studies are expected to result in the design of strategies and programmes addressing these issues.

12. The Government intends to develop a human resource development strategy and to request the support of UNDP in the area of education. Since certain Aruban nationals cannot fully participate in the economy because they do not possess the vocational skills that the economy currently requires, the Government will request UNDP to design a vocational training programme with a link to the private sector. The programme will also seek to integrate disabled persons and school drop-outs into existing continuing education programmes.

13. Quantitative indicators of the successful implementation of social-sector projects will include increased participation of women at the managerial levels of the economy; increased participation of the disabled in the economy; meaningful reductions in the number of school drop-outs; and concrete improvements in educational, social, and health indicators.

C. Environment and natural resources management

14. The predominant role of tourism and of the oil industry in the economy of Aruba make imperative the careful management of natural resources based on proper environmental planning. UNDP will assist the Government in preparing an environmental master plan, based on an assessment carried out by the United Nations Environment Programme in February 1995. UNDP will assist the Government in building up national capacity in physical planning and environmental management. UNDP will also assist in promoting consultation and cooperation between the Government and non-governmental organizations, as well as coordination of their programmes. UNDP will also assist in creating an environmental database; mounting a programme of environmental research and reporting, on a national basis as well as in national parks; introducing environmental legislation that meets international standards; and establishing a capacity to carry out environmental impact assessments. Improvements in the environment as a result of these activities are expected to be reflected in improved environmental indicators.

IV. EXECUTIVE BOARD ACTION

15. The Executive Board may wish to

Take note of the UNDP programme objectives for Aruba covering the period 1994-1996, as contained in the present note.